Never Forget 1 Unconventional Tip From Warren Buffett!

Description

Warren Buffett is one of the most popular businessmen of all time. Retail investors love to follow Buffett because, in addition to posting massive returns consistently, he has been an open book willing to help others learn.

Warren Buffett has done tonnes of interviews aimed at helping people to better understand investing. He also writes annual letters to shareholders each year — another great way to get in the mindset of one of the best investors ever.

What's interesting about Buffett is he never recommends a stock for investors. You can copy him and buy the stocks he buys, but they may not make sense for your portfolio, even though they make sense for his.

What Buffett *does* do is give investors the tools to make the best decisions themselves, and sometimes the advice is not what you might expect.

Some unconventional Warren Buffett advice

Warren Buffett was once asked what the best investment was that a person could make at that time. He initially responded by asking if the person who had posed the question had any credit card debt – and they did!

Buffett then proceeded to recommend that they pay off their credit card debt before they even consider investing their money. This was a little surprising at first, but the answer makes a tonne of sense once you think about it.

There is no investment out there that you can guarantee will make 20% this year. That may seem odd coming from a guy who has posted roughly 20% annual returns for over 50 years. But it's true: There *is* no way to guarantee any investment will make you 20%. What you *can* guarantee is that any credit card debt you have will be costing you 20%.

The prudent thing to do is therefore to get on top of all your high-interest debt before you even begin to think about investing.

Even if you're someone who pays your credit card right away, you can still take something away from this tip. The point of this unconventional Warren Buffett advice is to think outside the box when it comes to money. It's paramount you make sure all your finances receive your attention, not just your investments.

Once you are sure you have all your finances in order and your high-interest debt has been paid off, then you can start to take your excess money and buy investments with it.

Top investment on the TSX

When Warren Buffett said that there is no investment that he could guarantee will return 20% annually, he is absolutely right.

However, one stock that has returned much more than that over the last 10 years is **Dollarama Inc** (TSX:DOL). So if you do have all your high-interest debt paid off and you're looking for a great long-term investment, Dollarama might be the stock for you.

The company has several qualities that a long-term investor like Warren Buffett would certainly appreciate. It has a lengthy track record of consistent performance and a dominant position in its industry. Plus, the company is also highly recession-proof.

Throughout the pandemic, Dollarama investors have seen their capital protected. And we know from Dollarama's past performance, once the economy is back on track, you can continue to see that money grow rapidly.

In addition to the incredible growth it's seen in Canada, the company is now going internationally. It recently invested in Dollar City, a Latin American dollar store chain, which should help add to the growth over the next decade.

Bottom line

If you feel you have your financials in order and are now looking to grow your capital, owning top stocks like Dollarama is exactly what you want to be doing.

It's a stock with many of the qualities Warren Buffett looks for, so you know it's ideal for your long-term portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)

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